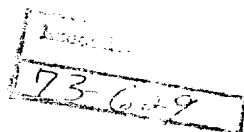


PPB

73-0158



MEMORANDUM FOR THE RECORD

SUBJECT: Some Industry Experience with Employee Suggestion Award and Job Vacancy Advertising Programs

1. In a recent chat with some contractor firms regarding overall management techniques, I inquired into the use of Employee Suggestion Awards programs and Job Vacancy Advertising programs.

2. Suggestion Awards: Both Texas Instruments and TRW eschew the individual monetary awards for employee suggestions, but for different reasons. T.I. believes that paid suggestion plans do more harm than good. There are too many dissatisfiers -- the time lag in consideration, too little or no feedback if a suggestion is turned down, and the undermining of group creativity through a system which enforces individual selfishness. This philosophy is socio-psychological in origin. The TRW view is simpler -- too costly. Both firms, however, have substitutes in the form of either a group sharing of profits or economies found in group-generated ideas (T.I.), or in annual (and lucrative, high prestige) awards for the x number of most outstanding achievements (TRW, Hughes Aircraft).

3. Job Vacancy Advertising: While this is a common practice in industry, there is an interesting variance in philosophy and procedure regarding the question of requiring an applicant for a vacancy to go through his immediate supervisor. To T.I., requiring the supervisory channel is fatal. Polaroid allegedly tried this route and failed. The employee does need a professional counselor to help him recognize his qualifications or lack of them for new job opportunities, need for tests, and for training, but should not be put in the potential position of being blacklisted by his immediate boss for daring to suggest a desire to move out. TRW's philosophy, on the other hand, is that the supervisor is responsible for seeing to it that his subordinates have every opportunity for growth in the corporation, and should therefore review and comment on every job vacancy application.

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